

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

U.S. GOVERNMENT PRINTING OFFICE: 1964 O - 354-000

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V.

Complainant

PREFILED DIRECT TESTIMONY
OF LEONID KADOSHNIKOV

A: Leonid Kadoshnikov

A: Six years

A: Never

A: Driver

A: Most of the time no one is home. I am a truck driver, and sometimes I am on the road for weeks at a time.

A: I was never told that by agreeing to pay for them for power would be a life long contract.

Q: Upon receiving initial services from Broad River Cooperative, how were your interactions with its employees?

A: I was very fond of the employees that came to set up the power; they were very polite and understanding individuals.

Q: At what point in time did you start having difficulty with this cooperative?

A: It all started in June of 2009, when my wife started experiencing a spike in heart problems and an increase in diabetic side effects. After she had to start using a breathing machine to help her fall asleep. To stay alive we began searching for a way to make our lives easier.

Q: How did the company become a problem at this point?

A: When we asked the representatives of Broad River if they offered any assistance for low income households (Where where a family member for example is disabled etc).

Q: Did any other power companies in your areas offer any kind of assistance to low income households?

A: Yes, the Duke Energy corporation (which supplies residence across the street with electricity) offers a wide variety of assistance programs to families in need.

Q: Did Broad River ever offer any assistance in your time of need?

A: Absolutely not! At this point they started creating even more problems.

Q: What kind of problems was Broad River part of or contributed to?

A: In May of 2009, multiple spikes came through the power lines. These spikes caused multiple accounts of damage to electronic devices throughout the household: eventually most impacted devices have been damaged to beyond repair.

Q: Do you have a any evidence to back up the claims above?

A: Yes, we have a letter by an electric engineer from "Lunic Technologies company" stating the cause of damaged on specific devices on the residence. His investigation became the claim to the answer above. This document is marked "Article 1" attached hereto. A few days later, the TV blew up, we took the TV to the repair shop. The price to estimate the TV was sixty dollars. We do not have money to pay for the estimate .We hope after this hearing, Broad River will come and fix it.

Q: Do to your dissatisfaction with this cooperative, what measures did you take to improve your contemptment at your residence?

A: I tried to find a power company that would suffice my needs and not offer the wide range of problems that Broad River does. I found that Duke Energy Corporation, which supplied power to neighbors 200 feet away from me (across the street) was a more honest utility company

Q: Did you try to negotiate for better services from Broad River?

A: Yes, I did, but their reply was that if I did not like their services, then I should move out from the area, so I tried to sell my property in order to get better electric service.

Q: Why were you not able to sell your house?

A: First of all, the collapse of the housing market caused a huge decrease in property sales. Secondly, selling a house house that is supplied by Broad River is nearly impossible. This can be seen by reading the first paragraph of "article four" attached hereto. After visiting a realtor, he gave me the same answer in his testimonial "article two", attached hereto.

Q: Did Broad River ever inform you ahead of time before they took any action on your residence?

A: No they never have. Broad River is known to appear on residential property without the owners permission or even knowledge. On my property, I learned from their testimony that they found the electric meter to be tampered with. Why did they not inform me of this immediately upon finding it? If they had contacted me about this, I would have set up a security system to find out who was tampering: Broad River or somebody else. Why do you think these occurrences began after I started the petition letter? Why did it not happen a year or two ago?

Q: What happen when Broad River operated on your property without forewarning?

A: On September 28th, Broad River sent a tree service to cut down trees on the property. I did not give them permission to cut down the tree down to the stump. I allowed them to trim the branches, but they would not listen. Because I would not allow them to ruin my front yard, they called the police and had me arrested for disturbing the peace. When the police arrested me, they threw me against the tree stumps. Because of that incident I am now not able to work. I also do not have any means of earning an income and providing for my family. I do not know how I will have money to pay the electric bill. Who gave them the right to violate my human rights? Who serves whom? Service for the people or people for the service?

Q: What happened after you were arrested?

A: After I was arrested, the supervisor of Broad River that was there began ordering my wife around. Since we speak with an accent (were born in Russia), he was discriminating against us; he said that we had to move our cars or else he will call a towing company at our expense. How is that logical to tow my car out of my own driveway and pay for it? This is human Rights abuse! He proceeded to discriminate against my wife, and at one point even insulted her by stating "take a look at your self", who do you think you are to straight out say that she looks ugly. I do not want to deal with a power company that insults my family. The picture of the men who said these remarks, as well as the before-and-after photo's of my yard are located in the "photo evidence folder one".

Q: Does Broad River reimburse you for having their power lines directly across your property?

A: No, they do not, they use my property to transport my their electricity to other victims of their vile corporation. I bought this property, I pay taxes for it, and I cannot use it for what I need. Where is the truth? They use it as their own without reimbursement. Moreover not paying for the use of my property, they damaged, cut down my beautiful nature area, which protected me from the dust off the road, and the loud exhaust pipes and loud banging music flying down our street. In order to get back to the way it was, it will take at least ten years, and I may not be here to see it. I am not interested in this service any more. I do not want to deal with Broad River any more!

Q: Did Broad River hire a stump removal service for the -+30 stumps they left behind?

A: No, they did not! They said that it is our job to hire the stump removal service. They turned my front into a wasteland, and I have to pay to fix it? It costs eighty dollars to remove one stump, and I do not have the finances to remedy this catastrophe.

Q: Why did Broad River not allow you to switch to another power supplier? What was their reason?

A: The representative said that there is no possible way of switching because we are in a "Broad River assigned territory". That is clearly a LIE. As seen on "article 3", attached hereto, my property is not in "Broad River's" monopoly jurisdiction. 153 Gaines drive as well as 175 Gaines Drive are in the neutral zone or in Duke Power zone of Inman SC where both Duke Power and Broad River supply clients without assigned districts.

Q: Do other people wish to attend this court hearing?

A: Yes, there is a multitude of people who would like to attend this court case to express their dissatisfaction with this cooperative, even people who do not live in this neighborhood, who use Broad River. The majority of them will not be able to make it due to the fact that the case will be a 100 miles away!

Q: Do other Broad River customers encounter problems with their service as well?

A: Yes, A friend of mine for example, has also had problems Broad River; she lives a few streets, her name is Lybov Belaya. When she noticed the meter was spinning too fast, Broad River said that it shouldn't be an issue, but they never checked it. After trying to hire a no-partisan inspector, she was told that was against policy for anyone else to check the meter. She could not trust Broad River people. She had to pay Broad River for miscounting! The meter was faulty and Broad River did not refund her. At one point in time She received a bill, in which they charged her fifty cents per kilowatt hour. A letter explain this. See "article 5" attached hereto. I believe most Broad River clients experience such problems. Our Neighbor on 175 Gaines drive also complains that it is clearly visible that his meter spun too fast.

Q: How do you feel about broad river service?

A: A service, in common knowledge, is supposed to make one's life easier, not complicate it. But Broad River does it the completely opposite way.

Q: What do you think should be done about the cooperative's actions and doings?

A: There should be multiple nonpartisan inspectors to keep Broad River's actions in check. They should be kept in line, and if they find this occurrence of fast running meter's to be common, the whole cooperative should be shut down for their incompetence. He who violates human rights should not be in business.

Q: Do you have any witnesses to testify?

A: Yes, the witnesses have given me their letters of the violations of the Broad River. They too will come to the hearing on January 14th 2010.

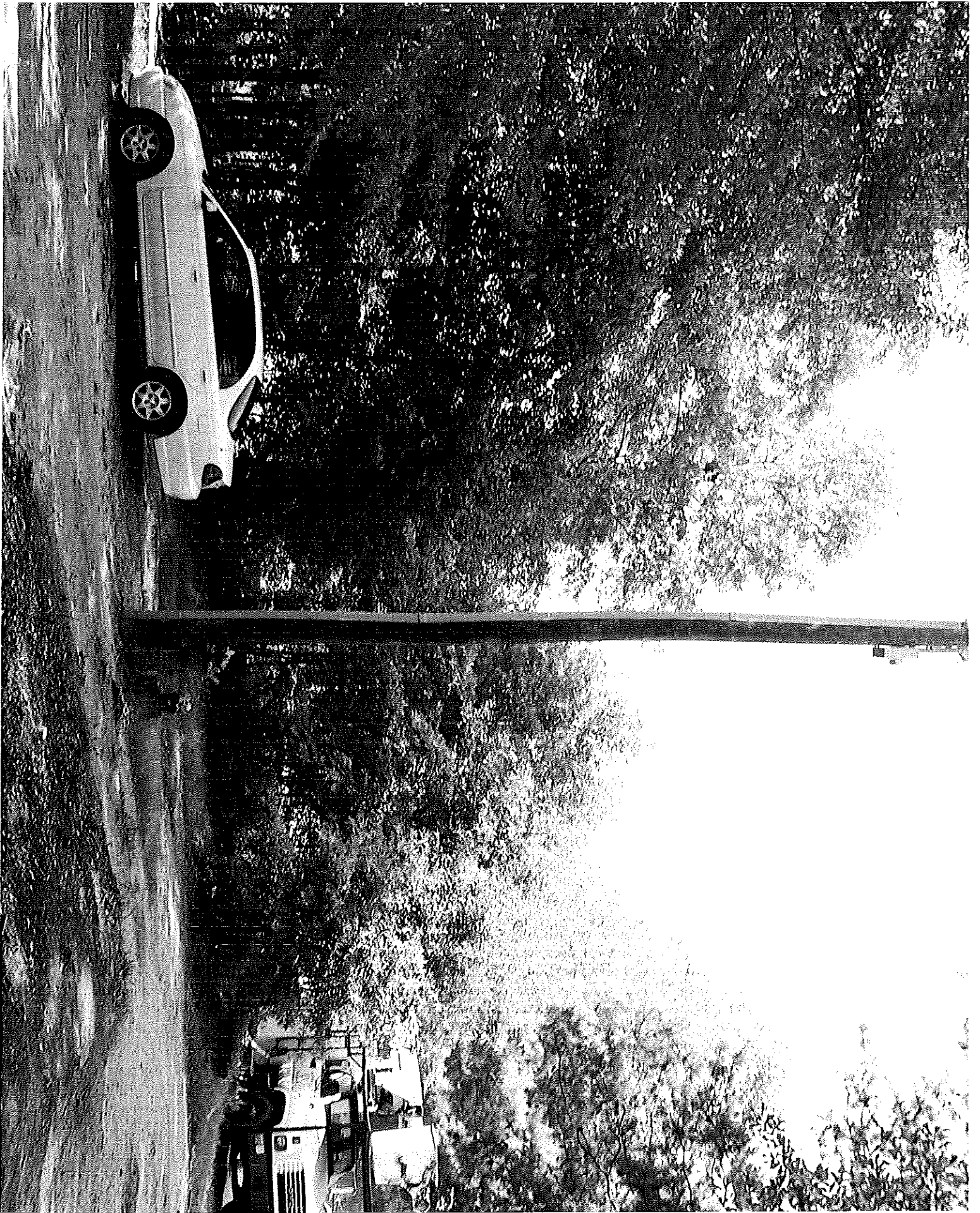


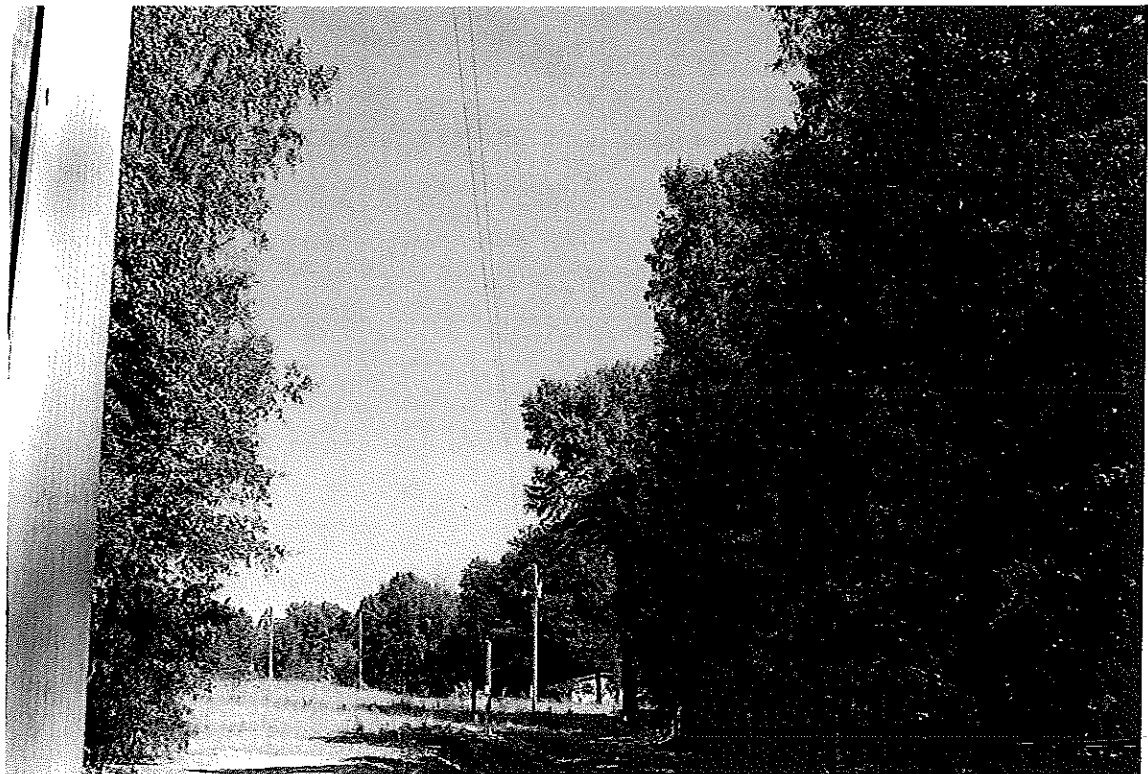
Leonid Kadoshnikov
Complainant
864-473-0790

December 1st, 2009

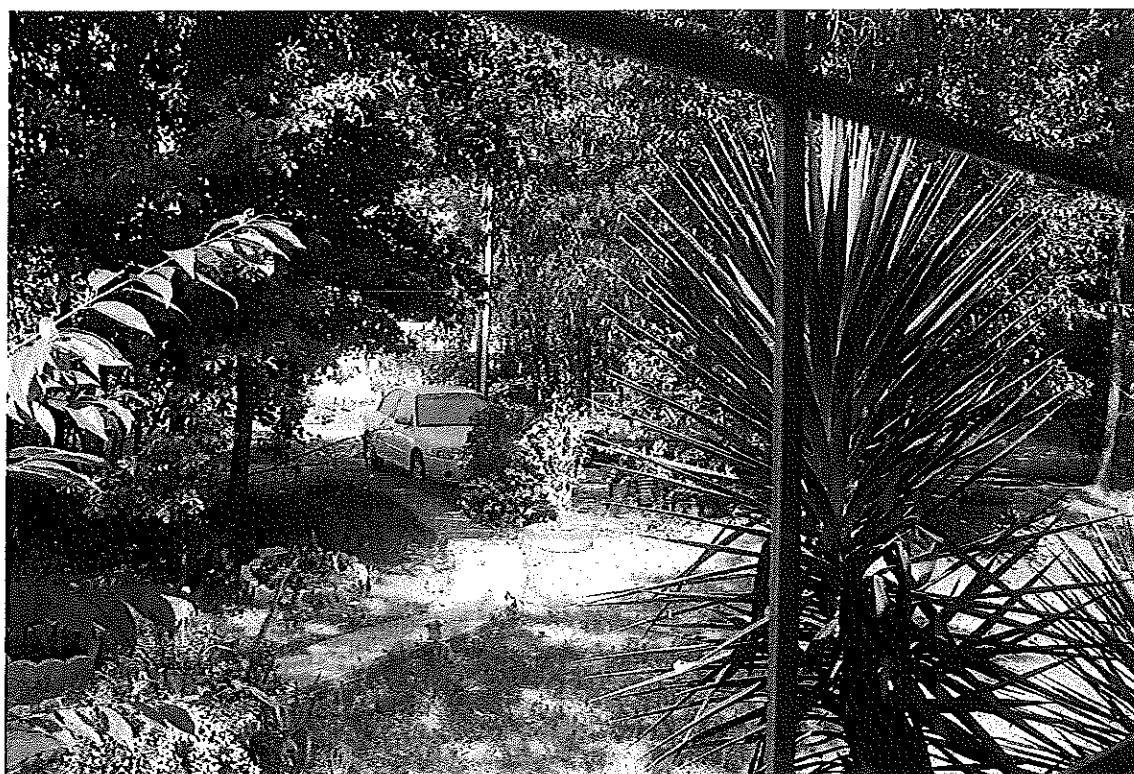


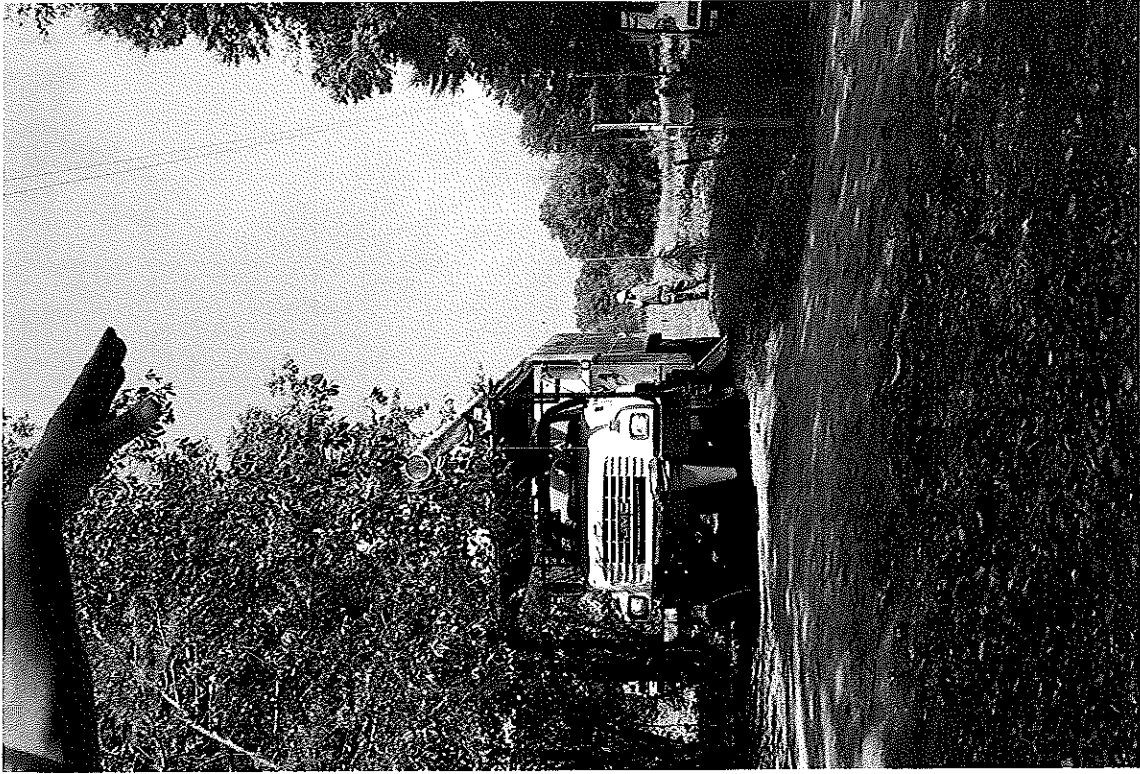
















Article 1

Lunic Technologies Co.
585 Pleasant Green Dr.
Inman, SC 29349

Date: 08/22/2009

To: Leonid Kadochnikov
153 Gaines Dr.
Inman, SC 29349

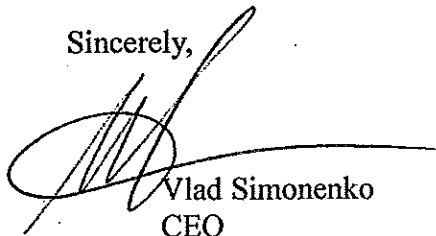
Re: Pansat 2700A satellite receiver repair.

Dear Leonid,

The reason why your satellite receiver was damaged twice this year is a power spikes that came thru power lines. First time only power supply on the receiver was damaged and had to be replaced. After the second power spike that occurred sometime in may 2009, receiver had sustained damage to a power supply and mainboard. At that time receiver damage was to expensive to repair and receiver replacement was recommended. I confirm that power spike came thru power lines because of character of damage. I've also recommended you to have you power lines checked and/or instal additional surge protectors or power line conditioner in your house to protect electronic equipment from damage.

Please contact us if you have any further questions.

Sincerely,



Vlad Simonenko
CEO

Article 2



Vitaliy Moroz, BIC
6400-B Highway 9 Inman, SC 29349
Office: (864) 814 2626 Fax: (864) 814 2625

To Whom It May Concern:

I am Vladimir Kislyak, of Spartan Realty, and am writing on behalf of my customer, Leonid Kadoshnikov, who is searching for properties in Spartanburg county. Like him, there are others, as well as clients, that I have met in this profession, that refuse to even consider purchasing properties that have Broad River Cooperative as the electric company. Many times the homes are very appealing, and the land is in a prime location, with the best characteristics, but because of this electric company, they do not even want to look at the property.

The reason why they look so negatively on Broad River Cooperative is because they charge an exuberant amount for the monthly electric bill. A similar problem occurs with the sale of the properties. Those properties do not sell as well as properties on the market with Duke Energy. This has a negative impact on the community, not only lowering average prices on the properties that are otherwise the best properties in the area, but it drags down the market for this county, making it a less desirable place to live. This Hurts not only potential sellers, but also the businesses in this area.

A handwritten signature in black ink, appearing to read "Vladimir Kislyak".

Vladimir Kislyak, REALTOR
Of Spartan Realty Inc

8.25.09

Date

Vitaliy Moroz BIC, Owner
Of Spartan Realty Inc

A handwritten signature in black ink, appearing to be a stylized "V" followed by a flourish.

Date

8-25-09

Article 3





Power rates upset co-op customers

Cooperatives say it costs more to serve rural areas

By Rudolph Bell
STAFF WRITER
dbell@greenvillenews.com

INMAN — Dennis Harris has trouble keeping tenants in his rental home near this small Spartanburg County community. They leave once they find out how much they pay for electricity.

The problem, he believes, is that his Gaines Drive house is inside territory served by Broad River Electric Cooperative, a small, nonprofit system that charges residential customers \$128 for an average monthly bill of 1,000 kilowatt-hours.

Across the street, homeowners buy their power from Duke Energy and can get the same amount of power for an average of \$78.90, according to Duke.

Harris is bumping up against a costly reality for Upstate customers of cooperatives — they pay more than residents served by Duke.

Two other cooperatives in the Upstate — Blue Ridge Electric and Laurens Electric — charge customers \$110 for 1,000 kilowatt-hours, 40 percent more than Duke.

Officials of the cooperatives said they can't operate with the same



FILE / Staff
Duane Smith, from left, Matthew Crenshaw, and Tommy Blackwell with Blue Ridge Electric Co-op raise a banner for the Blue Ridge Fest in Pickens.

economies of scale as companies such as Duke. Many of their customers live in rural areas that are costly to serve. And they said they buy the bulk of their power from state-owned Santee Cooper, which relies on coal, which has risen in price.

Cooperatives were organized in the 1930s and 40s as rural residents banded together to bring electricity to sparsely populated areas that utilities refused to serve.

The federal govern-

ment helped with financing, first through the Rural Electrification Administration and now the Rural Utilities Service. Today, about 30 percent of the state's consumers are served by cooperatives.

The cooperatives are nonprofits owned by members that are supposed to return excess revenue to their customers.

Leonid Kadoshnikov, who lives next door to

Price for 1,000 kilo-watt hours

Provider	Price
Broad River Electric Cooperative	\$128
City of Clinton	\$116
Laurens Electric Cooperative	\$110
Blue Ridge Electric Cooperative	\$110
Duke Energy Corp.	\$79

Sources: The cooperatives, Duke Energy, South Carolina Municipal Association

See POWER on page 5A

POWER

FROM PAGE 1A

Harris' house in Inman, wants to switch to Duke. Duke told him he could, if Broad River approved, but he said the electric cooperative won't release him.

So Kadoshnikov has collected 55 signatures on a petition and filed a complaint with the Public Service Commission. The commission has agreed to hear the concerns, but the law may not be on their side.

To prevail, they must prove that Broad River's service is inadequate or undependable or unreasonably discriminatory, according to the Office of Regulatory Staff, the state agency responsible for protecting consumers' interests in utility matters.

In deciding the issue, regulators may not consider Broad River's prices.

Richard Baines, Broad River's chief executive officer, said allowing customers to switch to Duke would put a bigger share of the cooperative's debt on remaining customers.

He said Broad River's prices are higher than other area cooperatives in part because it operates a small power plant on the Broad River that was originally built by a cotton mill and doesn't pay for itself when water levels are low.

And Baines said Broad River has fewer high-volume industrial customers than other area cooperatives.

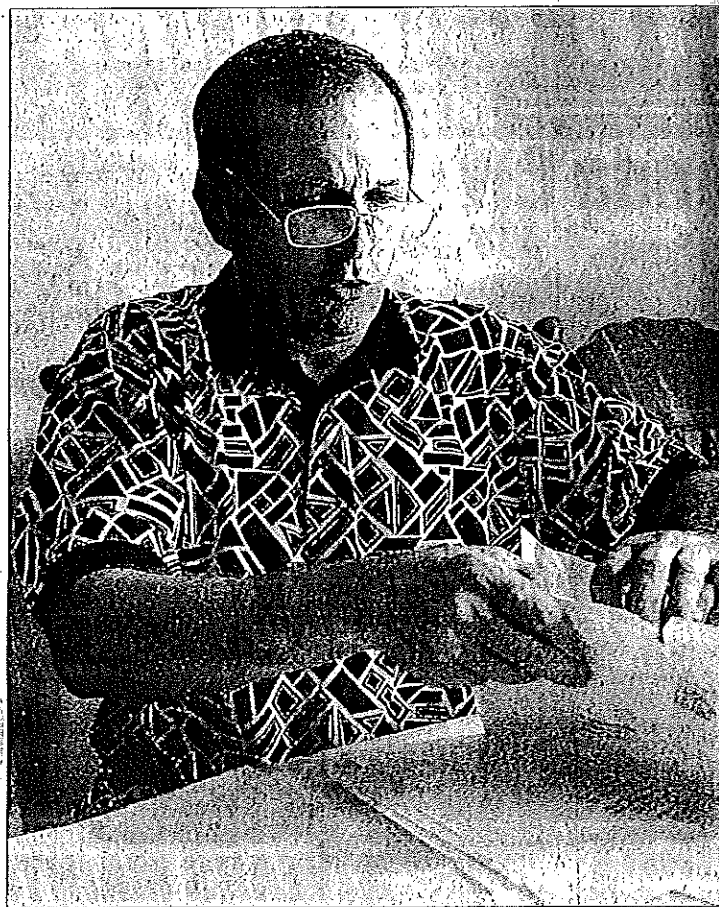
No regulation

Duke plans to raise its residential rates in South Carolina by 9.3 percent, but the utility must first face a battery of lawyers, accountants, engineers and consultants asking questions about its revenue and expenses in a proceeding overseen by the PSC.

Cooperatives face no such scrutiny because South Carolina is one of 20 states that don't regulate their rates. A cooperative's rates are set by its board members, who are elected by its customers.

Michael Couick, chief executive of The Electric Cooperatives of South Carolina, the Columbia-based trade association, said board elections make cooperatives more accountable than investor-owned utilities that are regulated.

"To the extent consumers are dissatisfied with



KEN OSBURN/STAFF

Leonid Kadoshnikov from Inman has filed a complaint against his electric co-op.

what they're paying, they've got a right to show up and directly participate in the election of their board of directors and in the choosing of their management," he said.

Kadoshnikov sees no value in trying to influence Broad River's board through the election process.

"They do what they want to do," he said.

Charles Dalton, chief executive of Pickens-based Blue Ridge Electric, said putting cooperatives under the authority of regulators would add to costs "because we'd have to pay regulatory attorneys to appear before these bodies."

He said they are regulated by their elected boards and "that's a lot more meaningful than having the government regulate."

Dalton said Blue Ridge must spend enormous amounts of money maintaining its network in open and mountainous areas.

Nationally, 23 states either regulate cooperatives' rates, or give members the option of regula-

tion, said Patrick Lavigne, spokesman for the National Rural Electric Cooperative Association.

One reason a state might regulate cooperatives is to ensure they make wise choices in buying wholesale power, a huge factor in determining price, said Robert Burns, a research specialist at the Center for Energy Sustainability and the Environment at Ohio State University.

Burns said South Carolina may be reluctant to examine the power purchases of its 20 retail cooperatives because they buy most of their power from state-owned Santee Cooper.

That wasn't always the case for five Upstate cooperatives, including Broad River, Blue Ridge and Laurens. For many years they owned a share in Duke's nuclear plant in York County and got much of their power from it.

They sold the nuclear asset, however, in October 2008, in a move directed by the Rural Utilities Service, a federal agency that

makes low interest loans to cooperatives, according to Duke documents.

Since the sale, the Upstate cooperatives have bought most of their power from Santee Cooper and have been hit with a 5 percent price increase, said Ron Calcaterra, chief executive of Central Electric Power Cooperative, a Columbia-based organization through which cooperatives buy their power.

Coal costs

Cooperatives are paying more mostly because the price of coal has gone up, and Santee Cooper uses coal to generate 80 percent of its electricity, Calcaterra said.

They've also had to build into their rates the expected costs of power plants that Santee Cooper had planned to construct to meet future demand, he said.

The five Upstate cooperatives have made plans to return to Duke for much of their power.

Under the proposal, Cen-

Customers per mile of distribution line



Duke Energy Corp.

23.0

Blue Ridge Electric Cooperative

9.5

Laurens Electric Cooperative

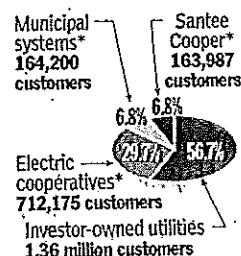
8.5

Broad River Electric Cooperative

7.6

Sources: Duke Energy, Electric Cooperatives of South Carolina

Market share for S.C. electricity retailers



*Rates are not regulated by the S.C. Public Service Commission

Sources: S.C. Office of Regulatory Staff; Municipal Association of South Carolina; Electric Cooperatives of South Carolina; Santee Cooper

tral would buy power from Duke to supply the five Upstate cooperatives beginning in 2013. The deal, which must be approved by regulators in North Carolina, paves the way for Santee Cooper to drop controversial plans to build a coal-burning power plant near Florence.

The five cooperatives will be under less pressure to raise rates if they no longer have to pass on to their customers the expected cost of the \$1.2 billion Santee Cooper coal plant, Couick said.

Dalton said Blue Ridge Electric has no plans to raise rates this year or next. Jim Donahoo, marketing director for Laurens Electric, said the cooperative doesn't anticipate any rate increases next year.

In addition to buying power for cooperatives, Central has spent millions of dollars to mail energy-efficient light bulbs to mem-

bers statewide.

Calcaterra said Central mailed 1.8 million light bulbs and distributed another 100,000 by hand at a cost of between \$6 million to \$9 million. Over time, Central hopes to distribute 10 bulbs to every cooperative customer in South Carolina, he said.

The program is worth its cost, he said, because each bulb will save \$25 worth of energy over its life. Central hopes to save \$175 million over a decade and pass the savings on to consumers, Calcaterra said.

Among the items that Blue Ridge Electric customers pay for is \$459,000 in annual dues to the trade association in Columbia, which publishes a glossy magazine for cooperative customers and provides other services such as training and lobbying, according to a Blue Ridge spokesman.

In April, Blue Ridge returned or credited \$500,000 to 22,000 of its 63,000 customers who were part of its system in 1984. That works out to an average of \$22.72 per customer, said Terry Ballenger, communications manager.

A big reason for cooperatives' higher rates, experts say, is their rural territories. Distributing electricity in sparsely populated areas costs more because there are fewer paying customers per mile.

While Duke says it has an average of 23 customers per mile of line, the number falls to 9.5 for Blue Ridge Electric and 8.5 and 7.6, respectively, for Laurens Electric and Broad River Electric.

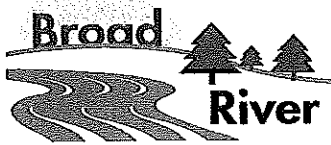
With about 30 percent of the business, South Carolina's cooperatives serve 70 percent of the land mass, Couick said. Their obligations include keeping lines clear and maintaining rights of way in sometimes rugged areas.


"We've got a line that goes straight up the mountainside getting to Oconee State Park," said Dalton, Blue Ridge's chief executive.

While some of their territory has grown more suburban, electric cooperatives are still not anachronisms that have outlived their original purpose, said Ken Rose, senior fellow at the Institute of Public Utilities at Michigan State University.

"A lot of them are still serving pretty rural areas," he said.

Article 5



Your Touchstone Energy® Partner 

ELECTRIC COOPERATIVE, INC

April 3, 2007

Mr. Lyubov Belaya
665 Banks Terrace Trail
Inman, SC 29349

Re:

Dear Mr. Belaya:

We are enclosing a copy of the meter test report of meter #3517820 which was removed from your premises for testing at your request.

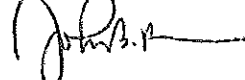
You will note from the report that your meter tested .46% fast.

Inasmuch as the meter tested within the 2% of 100% accuracy, the meter test fee will not be refunded, but will be used to help defray the cost of testing the meter.

If you have any questions concerning this matter, please contact me at the Co-op office.

Sincerely,

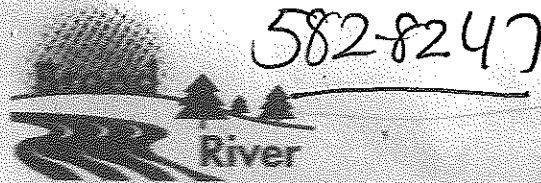
BROAD RIVER ELECTRIC COOPERATIVE, INC.



John B. Brown
Supervisor, Member Services

JBB:jm

Enclosure



ELECTRIC COOPERATIVE, INC.

SERVING CHEROKEE, SPARTANBURG, AND UNION COUNTIES SINCE 1940

PO Box 2269
Gaffney, SC 29342-2269

A Touchstone Energy® Partner

(866) OUR COOP (866 687-2667)
IN CHEROKEE COUNTY 489-57373271
2901

NAME		RATE		SERVICE ADDRESS		LOCATION NUMBER		M.	
BELAYA, LYUBOV		80		BANKS TERRACE TR 665		19107063			
SERVICE		NO.		READING		BILL		KWH	
FROM	TO	DAYS	CYCLE	PREVIOUS	PRESENT	TYPE	MULTIPLIER	USAGE	CHARGES
05/10/06	06/09/06	30	5	0	85	0	1	85	25.72
05/10/06	05/10/06			9169	9169		1	0	
DEMAND:		READING		BILL TYPE		ACTUAL		BILLED	
		4.980		R		4.980		4.980	
		8.780		2		8.780		8.780	
TOTAL CURRENT BILL DUE		06/30/06						44.51	
PREVIOUS AMOUNT DUE								34.33	
THANK YOU FOR YOUR PAYMENT		05/25/06						-34.33	
TOTAL AMOUNT DUE								44.51	
COMPARISONS		DAYS SERVICE		TOTAL KWH		AVG. KWH/DAY		COST PER DAY	
CURRENT BILLING PERIOD									
PREVIOUS BILLING PERIOD									
SAME PERIOD LAST YEAR									
TOTAL DUE NOW								\$ 44.51	
DUE DATE		06/30/06		BILL IS DELINQUENT AFTER DUE DATE					
AFTER DUE DATE PAY								\$ 46.73	
Your Electricity Use Over The Last 13 Months				YOUR INTERNET PASSWORD IS: BELA1121 PROTECT YOUR HOME FROM SURGES WITH SURGE GUARD ASK US ABOUT PROVIDING SURGE PROTECTION FOR YOUR APPLIANCES.					

TYPE BILL

- | | |
|---------------------|--------------------|
| 0 NORMAL | 5 PRORATED |
| 1 ESTIMATED | 6 PRORATED MINIMUM |
| 2 MINIMUM ESTIMATED | 7 BUDGET |
| 3 MINIMUM | 8 CONTRACT ONLY |
| 4 FINAL | |

IMPORTANT INFORMATION

- * PAYMENT MUST BE RECEIVED IN CO-OP OFFICE ON OR BEFORE DUE DATE. YOU MAY PAY BY MAIL, PAY AT THE CO-OP OFFICE, PAY AT A PAY STATION, PAY BY VISA or MASTERCARD, OR PAY BY BANK DRAFT.
- * BILLS ARE DUE 15 DAYS AFTER BILL DATE. TO AVOID 5% LATE PENALTY, PAYMENT MUST BE RECEIVED BY 5:00 PM ON THE DUE DATE.
- * ACCOUNTS ARE SUBJECT TO DISCONNECT IF UNPAID 25 DAYS AFTER BILL DATE.
- * TELEPHONE NUMBER: PLEASE FURNISH YOUR PHONE NUMBER IF IT IS NOT LISTED BELOW.

RETAIN THIS COPY FOR YOUR RECORDS